

Barry,

Per our conversation yesterday regarding our 2007 trending procedures verification, I do not have physical proof to give you, only my word that the following processes were utilized in trending in Hamilton County.

Obviously, we used sales in residential properties, due to the fact we have ample sales of this property class. Commercial and Industrial properties were trended utilizing sales as well as other methods that are acceptable under the IAAO standards.

In establishing values for 2007 commercial/industrial trending, the starting point used was adjusting land values based on sales. Then we applied a factor arrived at by utilizing the current Marshall and Swift Costs as of 1/1/2006 and adjusted the depreciation table. Certain commercial/industrial neighborhoods and use types required individual review and adjustment. A major help to this year trending was the information received and researched in the appeal process for 2006 trending. This supplied income, expense and cap rate data. Income Works an income based valuation web site, with county specific information was utilized to help arrive at values. It was also used to help arrive at valid cap rates along with Reality rates and RERC real estate report. Web sites, such as Loopnet, were used to help arrive at current leasing and cap rate information in the area or for like use types where no information was available in the county. The above appeal information, helped with a more working knowledge of market data versus a purely cost approach mentality.

Once the townships had completed their trending we utilized software called SPSS to analyze sold and unsold parcels in our county. Our analysis showed that there were a couple of townships that needed additional trending on commercial/ industrial properties. My commercial manager met with these townships and actually flipped cards and adjusted values as needed to ensure equality and accurate assessments.

Additionally, I have two full time appraisers on our Board of review that were consulted with on some commercial and residential neighborhoods to ensure we were reflecting the market conditions as of 1/1/06.

I hope that this is the information that you needed to help facilitate your review of Hamilton County's 2007 ratio study.

Please do not hesitate to contact me if you need additional information.

Sincerely,

Debbie Folkerts